

**STATE ALLOCATION BOARD**

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<http://www.dgs.ca.gov/opsc>



**Date:** January 27, 2002

**To:** Interested Parties

**Subject:** **NOTICE OF THE STATE ALLOCATION BOARD IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on Friday, February 7, 2003 (9:30 am-3:30 pm) at the US Bank Plaza, 980 9<sup>th</sup> Street, Conference Room A, B & C, Sacramento CA.

The Implementation Committee's proposed agenda is as follows:

1. Convene Meeting
2. Critically Overcrowded Schools Program:
  - a) Advance Fund Releases (Planning and Site)
  - b) Qualifying Pupil Calculation
  - c) SFP Criteria
  - d) Previous LPP, SFP Apportionments
3. AB 1506 Grant Increase

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Portia Jacobson at (916) 445-3159.

BRUCE B. HANCOCK  
Chairperson

BBH:pj

**State Allocation Board Implementation Committee  
February 7, 2003**

**Critically Overcrowded School Facilities**

PURPOSE OF REPORT

This issue paper is in response to certain district concerns that were never finalized. To that end it discusses options and regulation modifications for the Critically Overcrowded School Facilities (COS) program regarding the following issues:

- **Preliminary Apportionment Eligibility Criteria - Changes to COS application filing criteria for projects with prior apportionments**
- **Preliminary Apportionment Fund Releases - Early release of COS reservations**
- **Conversion of Preliminary Apportionment - Preliminary to Final Apportionment eligibility re-justification**

**1. Preliminary Apportionment Eligibility Criteria  
(Regulation Sections 1859.142 and 1859.145):**

BACKGROUND

The Board's emergency regulations allow districts to apply for a preliminary apportionment for a project if all of the following criteria are met:

- (a) The district has demonstrated that it has School Facility Program (SFP) new construction.
- (b) The project for which the district is requesting funding has not received an apportionment under the Lease-Purchase Program (LPP), the SFP or other Proposition 1A funds.
- (c) At least 75 percent of the number of pupils requested on the *Application for Preliminary Apportionment* (Form SAB 50-08) are Qualifying Pupils from a Source School(s) as determined in Section 1859.143
- (d) The General Location of a proposed school meets the criteria of Education Code 17078.22(a)(3) or (b).

ISSUE

Current COS regulations preclude districts that have previously received a design or site acquisition apportionment from applying in the COS program. Certain districts request that the criteria for filing a COS preliminary application allow for projects that have previously received apportionments, other than construction, to file for the COS program.

The Office of Public School Construction (OPSC) has the following concerns with these types of projects:

- There are currently 412 projects with design and separate site acquisition apportionments; allowing these projects to apply under the COS represents a potentially significant increase in the number of potential COS projects that could strain the available COS funds.

- The circumvention of substantial progress timelines for design and site acquisition apportionments made under other programs, specifically for projects which have received a separate site acquisition apportionment.
- Projects that have already received site acquisition apportionments are considered to be very close to submittal of a construction funding application, typically within 12 to 18 months; and therefore not viable candidates for the COS program.

An option that could be considered, other than the current regulation process is to allow districts with design apportioned projects to file under the COS program. The OPSC staff believes it is appropriate to allow districts with previous design apportionments to apply for the COS program. The rationale is that districts may have made different SFP program decisions had the COS program been authorized in law and available.

## RECOMMENDATIONS

1. Allow districts with previous design apportionments approved prior to April 29, 2002 to concurrently apply for the COS program by modifying Regulation Section 1859.142 to permit districts with projects that have received a design apportionment prior to April 29, 2002, to apply for a COS Preliminary Apportionment. Please see Attachment A.
2. Modify Regulation Section 1859.145 to offset previously apportioned amounts from the COS Preliminary Apportionment. Please see Attachment A.
3. For previous apportionments under the SFP, modify Regulation Section 1859.105 to include the receipt of a COS preliminary apportionment for a project as an acceptable substantial progress criteria. Please see Attachment A.

## **2. Preliminary Apportionment Fund Releases (Regulation Section 1859.153):**

### BACKGROUND

The COS program does not provide for a release of state funds from a preliminary apportionment, which serves only as a reservation of funds for future State assistance in the form of grants when the project converts to a final apportionment. Once the preliminary apportionment is converted to a final apportionment pursuant to Section 1859.150, the district may request a release of funds as prescribed in Section 1859.90.

### ISSUE

Some districts maintain they have a great need to utilize separate design and site acquisition funding to advance their projects. It is the districts contention they are not able to apply for COS funding.

The OPSC staff acknowledges the COS regulations do not provide for an early release of preliminary apportionment provisions. Per legal counsel, the statute does not provide the SAB with the authority to make advance fund releases. Staff counsel further opined that this section only authorizes reservations of COS facility account funds, prior to converting to a final apportionment.

Districts have many options available to consider for advancing their projects. They may apply under the SFP and utilize the environmental and financial hardship provisions. Districts, which have or would need to rely on and utilize environmental and financial hardship provisions, are encouraged to apply under the COS if interim financing can be arranged. The COS preliminary apportionments are sufficient collateral and may be used to secure interim financing for the project. Furthermore, the State Treasurers office is examining the feasibility of a more attractive interim financing program for qualified districts.

### RECOMMENDATION

Pursuant to legal counsel opinion, current regulations are appropriate as per statute.

### **3. Conversion of Preliminary Apportionment (Regulation Section 1859.147):**

#### BACKGROUND

The COS program specifies that a preliminary apportionment can be made in advance of full compliance with all of the application requirements and that the final apportionment will be determined when the project has complied with all the criteria for an apportionment. The COS program provides guidance and clarification to districts in this regard and indicates: "When a Preliminary Apportionment is converted to a Final Apportionment, all the following criteria must be met:

- (a) The district must have current New Construction Eligibility sufficient to support at least 75 percent of the pupils the district requested and received the Preliminary Apportionment.
- (b) The Final Apportionment request must meet all criteria for a New Construction Adjusted Grant pursuant to Section 1859.21.
- (c) A district seeking to convert a Preliminary Apportionment to a Final Apportionment shall complete and file Form SAB 50-04, which requests funding for at least 75 percent, but not more than 100 percent, of the pupils the district requested and received the Preliminary Apportionment.

It is not necessary to re-justify the Qualifying Pupils assigned to the Preliminary Application as required by Section 1859.142(c) at the time the application is converted to a Final Apportionment.

If the district is unable to meet the criteria in this Section, the Preliminary Apportionment shall be rescinded pursuant to the provisions of Section 1859.148."

#### ISSUE

Some districts maintain they need assurance that once they qualify for COS preliminary funding for a specific project that they can complete that project even if they no longer have sufficient eligibility to justify the original project. These districts maintain they could potentially build a school, but not receive state funding to support it due to an eligibility loss. In addition, these districts indicate their ability to demonstrate the 75 percent rule may change over the four to five years it takes to build a school.

The issue expressed is not unique to the COS or various other OPSC programs. The risk a district faces from effects of eligibility changes are the same for the COS or SFP programs. When an application is presented to the SAB, it must be supported by current SFP eligibility and conform to the regulation criteria in effect at the time the application is on file with the OPSC. On the other hand, districts do not need to continue to justify source school eligibility when converting a preliminary apportionment to a final apportionment. Regulation Section 1859.147 currently indicates, "It is not necessary to re-justify the Qualifying Pupils assigned to the Preliminary Application as required in Section 1859.142(c) at the time the application is converted to a Final Apportionment."

#### RECOMMENDATION

Staff maintains current regulations are appropriate to statute.

## ATTACHMENT A

### Section 1859.105. Program Accountability Progress Audit.

- (a) When the district has received funds for a SFP project, the Board shall conduct a review to assure the district has made substantial progress in the completion of the project pursuant to Education Code Section 17076.10(b). The review shall consist of an analysis of the district's progress report in accordance with Section 1859.104(b). Sufficient evidence of substantial progress shall be any of the following:
  - (1) At least 75 percent of all site development work that is necessary prior to building construction activity is complete.
  - (2) At least 90 percent of the building construction activities are under contract, unless the building construction activities are delayed as a result of necessary site development work.
  - (3) All construction activities are at least 50 percent complete.
  - (4) Other evidence satisfactory to the Board of circumstances beyond the control of the district that precludes substantial progress being made.
- (b) When the district has received funds pursuant to Section 1859.81.1(a), the Board shall conduct a review to assure the district has made substantial progress in the completion of the project. The audit shall consist of a review and analysis of the district's progress report in accordance with Section 1859.104(b). Acceptable evidence of substantial progress shall be when the district has completed all of the following:
  - (1) Obtained the final appraisal of the site.
  - (2) Completed all California Environmental Quality Act requirements.
  - (3) Obtained final approval of the site by the CDE.
  - (4) Provided final escrow instructions or evidence the district has filed condemnation proceedings and intends to request an order of possession of the site.
- (c) When the district has received funds pursuant to Section 1859.81.1(c), the Board shall conduct a review to assure the district has made substantial progress in the completion of the project. Sufficient evidence of substantial progress shall be any of the following:
  - (1) An Approved New Construction or Modernization Adjusted Grant Application; or
  - (2) A school district certification that the final building plans for the project have been submitted to and accepted by the DSA for review and approval; or
  - (3) An approved separate site funding application pursuant to Section 1859.81.1(a) or an approved environmental hardship funding application pursuant to Section 1859.75.1 or an approved Preliminary Apportionment pursuant to Section 1859.145; or
  - (4) Other evidence satisfactory to the Board detailing the reason(s) that plans have not been completed and accepted by the DSA. If the Board determines that substantial progress has been made pursuant to Education Code Section 17076.10(b), the Board shall condition its finding of substantial progress upon the district's commitment to complete and submit an Approved New Construction or Modernization Adjusted Grant Application within a period not to exceed 18 months from the date of the Board's determination of substantial progress.

After the Board has received the progress report required in Section 1859.104(b) for items (a), (b), and (c) above, a review and analysis of the report by the OPSC will be made for compliance with this Section within 60 days of the submittal of the report by the district. The OPSC must notify the district within 60 days of the submittal of the report if it intends to recommend to the Board that no substantial progress has been made on the project. If the OPSC does not respond to the district within 60 days of submittal of the report, the OPSC concurs with the district that substantial progress has been made.

Should the OPSC respond within 60 days of submittal of the progress report by the district that no substantial progress has been made or the district fails to submit the progress report within the timelines in Section 1859.104 (b) for items (a), (b), and (c) above or the district has not filed an Approved Application for funds received pursuant to Section 1859.81.1(b), the district must report the final expenditures on the project on the Form SAB 50-06 to the OPSC within 60 days of the OPSC notification. After receipt of the expenditure report, the OPSC will recommend to the Board that a finding be made that no substantial progress on the project has been made and that the apportionment be reduced, after accounting for the district's matching share, by any funds not yet committed by a contract for the project and any interest earned on State funds for the project. The recommendation will be made at the next regularly scheduled Board meeting. If the expenditure report is not received within the 60-day period, the OPSC will recommend that the apportionment be rescinded and any interest earned on State funds be returned to the State.

If the apportionment is reduced or rescinded as a result of a finding by the Board that no substantial progress has been made on the project, the pupils assigned to the project will be added to the district's baseline eligibility. If the apportionment was reduced, the adjustment to the baseline eligibility shall reflect any funding retained by the district based on the New Construction or Modernization Adjusted Grant funding provided for the project. The district may refile a new application for the project subject to district eligibility and priority funding at the time of resubmittal.

Note: Authority cited: Sections 17070.35 and 17072.13, Education Code.

Reference: Sections 17070.35, 17076.10 and 17077.40, Education Code.

#### Section 1859.142. Preliminary Apportionment Eligibility Criteria.

A district may apply for a Preliminary Apportionment by submittal of Form SAB 50-08 if all of the following criteria are met:

- (a) The district has demonstrated that it has SFP new construction eligibility under Education Code Section 17071.75.
- (b) The project for which the district is requesting funding has not received an apportionment under the LPP, the SFP or other Proposition 1A funds, with the exception of apportionments prior to April 29, 2002 pursuant to Section 1859.81.1(c).
- (c) At least 75 percent of the number of pupils requested on Form SAB 50-08 are Qualifying Pupils from a Source School(s) as determined in Section 1859.143.
- (d) The General Location of a proposed school meets the criteria of Education Code Section 17078.22(a)(3) or (b).

If the proposed school will serve a combination of elementary school pupils and middle school pupils, the General Location of the school for purposes of (d) above shall be based on the highest grade served.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Sections 17078.18 and 17078.22, Education Code.

#### Section 1859.145. Preliminary Apportionment Determination.

The Preliminary Apportionment shall be equal to the sum of the following:

(a) The amounts shown below for each pupil included in a Preliminary Application:

(1) \$5,226.82 for each elementary school pupil.

(2) \$5,533.65 for each middle school pupil.

(3) \$7,225.94 for each high school pupil.

(4) \$16,653.06 for each pupil that is a Severely Disabled Individual with Exceptional Needs.

(5) \$11,137.37 for each pupil that is a Non-Severely Disabled Individual with Exceptional Needs.

(b) An amount equal to 12 percent of the amount determined in (a) for multilevel construction, if requested by the district.

(c) An amount equal to one-half of the site acquisition value determined in Section 1859.145.1.

(d) An amount for site development cost determined, at the option of the district, by one of the following:

(1) One-half of the Site Development Cost for the specific site as authorized by Section 1859.76.

(2) One-half of the Site Development Cost as authorized by Section 1859.76 using historical information in the General Location. Historical information that may be considered to determine this estimated cost may include prior SFP projects of the district or other districts in the General Location.

(3) \$70,000 multiplied by the proposed acres requested on the Form SAB 50-08 or Form SAB 50-09, as appropriate.

(e) If the Preliminary Application request is for a small new school on a site with no existing school facilities, an amount equal to the difference in the amount determined in (a) and the amount shown in the Chart in Section 1859.83(c). To determine the number of classrooms in the proposed project, divide the number of pupils requested on Form SAB 50-08 or Form SAB 50-09, as appropriate, by 25 for elementary school pupils, 27 for middle and high school pupils, 13 for Non-Severely Disabled Individuals with Exceptional Needs and 9 for Severely Disabled Individuals with Exceptional Needs. Round up.

(f) An amount due to urban location, security requirements and impacted site equal to 15 percent of the amount determined in (a) for a site that is 60 percent of the CDE recommended site size plus 1.166 percent for each percentage decrease in the CDE recommended site size below 60 percent when the following criteria are met:

(1) The district has requested an increase for multilevel construction pursuant to (b) above.

(2) The Useable Acres of the existing and/or proposed site are 60 percent or less of the CDE recommended site size determined by multiplying the sum of the pupil grants requested on Form SAB 50-08 or Form SAB 50-09, as appropriate, and the current CBEDS enrollment on the site (if applicable) by .01775 for elementary school pupils, .021 for middle school pupils and .02472 for high school pupils. For purposes of this calculation, assign Severely Disabled Individuals with Exceptional Needs and Non-Severely Disabled Individuals with Exceptional Needs pupil grants requested on Form SAB 50-08 or Form SAB 50-09, as appropriate, as either elementary, middle or high school pupils based on the type of project selected by the district on Form SAB 50-08 or Form SAB 50-09, as appropriate. For purposes of COS projects, if the site for which the Preliminary Apportionment is requested is a Source School, for purposes of assigning Qualifying Pupils in the Preliminary Application, subtract those Qualifying Pupils from the current CBEDS enrollment on the site before completing this calculation.

(3) The value of the property as determined in Section 1859.145.1(a) is at least \$750,000 per Useable Acre. This criterion does not apply to an application for an addition to an existing school site. (g) An amount for the geographic location of the proposed project equal to the sum of the amounts determined in (a), (b), (d)(3), (e) and (f) multiplied by the indicated percentage factor in the Geographic Percentage Chart shown in Section 1859.83(a).



- (h) For purposes of COS projects, an amount equal to 12 percent of the sum of the amounts determined in (a) through (g) for all Preliminary Applications received no later than May 1, 2003. For purposes of Charter School projects, an amount equal to 12 percent of the sum of the amounts determined in (a) through (g) for all CSFP Preliminary Applications received no later than March 31, 2003.
- (i) If the district qualifies for financial hardship assistance pursuant to Section 1859.81 at the time of submittal of the Preliminary Application, an amount equal to the sum of the amounts determined in (a) through (h) less any district funds determined available for the project pursuant to Section 1859.81(a). Districts must meet the financial hardship criteria pursuant to Section 1859.81 at the time the request is made to convert the Preliminary Apportionment to a Final Apportionment, including an accountability of any district contribution made available at the time of the Preliminary Apportionment was made, in order to continue with financial hardship assistance for the project.
- (j) If the district received an apportionment pursuant to Section 1859.81.1(c) an amount equal to the sum of the amounts determined in (a) through (i) less the previously authorized apportionment amount.  
The amounts shown in (a) shall be adjusted annually in a manner prescribed in Section 1859.71.

Note: Authority cited: Sections 17070.35 and 17075.15, Education Code.

Reference: Sections 17075.10, 17078.10 and 17078.24, Education Code.

**State Allocation Board  
Implementation Committee  
February 7, 2003**

**Implementation of AB 1506  
Grant Adjustments for Labor Compliance Programs**

**BACKGROUND**

Assembly Bill (AB) 1506, Chapter 868, Statutes of 2002, requires that the State Allocation Board (SAB) receive a written finding from the local school board that a labor compliance program (LCP) for the project apportioned under the SFP has been initiated and enforced prior to a release of funds. This requirement is applicable to fund releases made for any SFP new construction or modernization project for which work commenced on or after April 1, 2003.

In addition, the SAB is required to increase the per-pupil grant amounts in EC Section 17072.10 and 17074.10 to accommodate the State's share of the increased cost of new construction and modernization projects due to the initiation and enforcement of a labor compliance program. The increases must be effective by July 1, 2003.

**DISCUSSION**

At the January 2003 meeting, the State Allocation Board approved proposed regulations relating to the fund release requirements for projects which fall under the requirements of AB 1506. The Board must now address the grant increases related to the LCP requirement.

*Eligible Projects*

All SFP new construction and modernization projects funded from the proceeds of Proposition 47, and which the district certifies on a fund release form that the Notice to Proceed (NTP) was issued on or after April 1, 2003 will be eligible for the grant adjustment. Those projects that received an apportionment prior to the adoption of regulations creating the grant increase shall be eligible for an additional apportionment in the amount of the grant adjustment for the State portion of the cost of the required LCP.

*Grant Adjustment Amount*

The cost of a labor compliance program is related to three major activities: initiation, monitoring and enforcement. Cost information relative to initiation and monitoring has been received from two sources which is summarized on the Attachment.

Initiation (Start-up): Activities related to the design and installation of systems to monitor such things as certified payroll reports, labor classifications and project staffing. All projects will require this initial effort, but once completed for one project, the start up effort and cost will be significantly less or even nonexistent for subsequent projects. The cost for this activity will not vary significantly due to differences in project cost, complexity or duration. The estimates received to date indicate that this cost could be roughly \$10 to \$20 thousand for the initial project.

## **DISCUSSION** (cont.)

Monitoring: Activities related to the on-going oversight and compliance review of labor law requirements. These activities are the 'heart' of a labor compliance program. The time, and thus the cost, of these activities are largely determined by the duration and the size (cost) of the project. On a monthly basis, the number of contractors and workers on the project will influence the hourly requirements. The total time commitment will be determined by the duration of the project, which is frequently, but not always, relative to the cost of the project. The estimates received to date generally attempt to determine the monthly hours of the project based on the size, and then project the total hours based on the contract duration. Hourly rates depend on the task, and vary from clerical at \$45 to professional (inspector) at \$85. Accounting at \$60 is also a major component, and may make up the majority of the hours used.

Enforcement: There is no data available to OPSC on this requirement at this time. The enforcement activities, such as the withholding of payments to contractors, required hearings and even legal assistance, generally only occur when there are labor law violations. It does not seem practical to attempt to include these costs in the per pupil grants for two reasons:

- They will not occur at all on the large majority of projects.
- On projects when they do occur, it is impossible to predetermine the cost, which can range from little or nothing to the costs associated with protracted legal disputes.

Because of the project-by-project nature of these costs, it may be necessary to simply add a small amount to all grants for enforcement. In the majority of cases, the funding will not be used for that purpose, and in those where it is needed, it may be more or even significantly less than the actual cost.

## **PROPOSALS**

- Develop a sliding scale of per-pupil grant adjustments which is based on the total value of the State grant for the project, including site development and all other adjustments and indexes. Include the estimated duration of the project as a factor in the scale.
- Develop additional proposals after further discussion at the Committee meeting.

Parties with knowledge in these LCP costs are encouraged to submit per pupil cost data to the SAB Implementation Committee Chair and to the OPSC. Comments and additional data regarding the information contained on the Attachment are also welcomed.

## LABOR CODE

1771.7. (a) An awarding body that chooses to use funds derived from either the Kindergarten-University Public Education Facilities Bond Act of 2002 or the Kindergarten-University Public Education Facilities Bond Act of 2004 for a public works project, shall initiate and enforce, or contract with a third party to initiate and enforce, a labor compliance program, as described in subdivision (b) of Section 1771.5, with respect to that public works project.

(b) This section shall apply to public works that commence on or after April 1, 2003. For purposes of this subdivision, work performed during the design and preconstruction phases of construction, including, but not limited to, inspection and land surveying work, does not constitute the commencement of a public work.

(c) (1) For purposes of this section, if any campus of the California State University chooses to use the funds described in subdivision (a), then the "awarding body" is the Chancellor of the California State University. For purposes of this subdivision, if the chancellor is required by subdivision (a) to initiate and enforce, or to contract with a third party to initiate and enforce, the labor compliance program described in that subdivision, then in addition to the requirements imposed upon an awarding body by subdivision (b) of Section 1771.5, the Chancellor of the California State University shall review the payroll records described in paragraphs (3) and (4) of subdivision (b) of Section 1771.5 on at least a monthly basis to ensure the awarding body's compliance with the labor compliance program.

(2) For purposes of this subdivision, if an awarding body described in subdivision (a) is the University of California or any campus of that university, and that awarding body is required by subdivision (a) to initiate and enforce, or to contract with a third party to initiate and enforce, the labor compliance program described in that subdivision, then in addition to the requirements imposed upon an awarding body by subdivision (b) of Section 1771.5, the payroll records described in paragraphs (3) and (4) of subdivision (b) of Section 1771.5 shall be reviewed on at least a monthly basis to ensure the awarding body's compliance with the labor compliance program.

(d) (1) An awarding body described in subdivision (a) shall make a written finding that the awarding body has initiated and enforced, or has contracted with a third party to initiate and enforce, the labor compliance program described in subdivision (a).

(2) (A) If an awarding body described in subdivision (a) is a school district, the governing body of that district shall transmit to the State Allocation Board, in the manner determined by that board, a copy of the finding described in paragraph (1).

(B) The State Allocation Board may not release the funds described in subdivision (a) to an awarding body that is a school district until the State Allocation Board has received the written finding described in paragraph (1).

(C) If the State Allocation Board conducts a postaward audit procedure with respect to an award of the funds described in subdivision (a) to an awarding body that is a school district, the State Allocation Board shall verify, in the manner determined by that board, that the school district has complied with the requirements of this subdivision.

(3) If an awarding body described in subdivision (a) is a community college district, the Chancellor of the California State University, or the office of the President of the University of California or any campus of the University of California, that awarding body shall transmit, in the manner determined by the Director of the Department of Industrial Relations, a copy of the finding described in paragraph (1) to the director of that department, or the director of any successor agency that is responsible for the oversight of employee wage and employee work hours laws.

(e) Notwithstanding Section 17070.63 of the Education Code, for purposes of this act, the State Allocation Board shall increase as soon as feasible, but no later than July 1, 2003, the per pupil grant amounts as described in Sections 17072.10 and 17074.10 of the Education Code to accommodate the state's share of the increased costs of a new construction or modernization project due to the initiation and enforcement of the labor compliance program.

## LABOR CODE

**1771.5.** (a) Notwithstanding Section **1771**, an awarding body shall not require the payment of the general prevailing rate of per diem wages or the general prevailing rate of per diem wages for holiday and overtime work for any public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction work, or for any public works project of fifteen thousand dollars (\$15,000) or less when the project is for alteration, demolition, repair, or maintenance work, if the awarding body elects to initiate and enforce a **labor** compliance program pursuant to subdivision (b) for every public works project under the authority of the awarding body.

(b) For the purposes of this section, a **labor** compliance program shall include, but not be limited to, the following requirements:

(1) All bid invitations and public works contracts shall contain appropriate language concerning the requirements of this chapter.

(2) A prejob conference shall be conducted with the contractor and subcontractors to discuss federal and state **labor** law requirements applicable to the contract.

(3) Project contractors and subcontractors shall maintain and furnish, at a designated time, a certified copy of each weekly payroll containing a statement of compliance signed under penalty of perjury.

(4) The awarding body shall review, and, if appropriate, audit payroll records to verify compliance with this chapter.

(5) The awarding body shall withhold contract payments when payroll records are delinquent or inadequate.

(6) The awarding body shall withhold contract payments equal to the amount of underpayment and applicable penalties when, after investigation, it is established that underpayment has occurred.

# ATTACHMENT

State Allocation Board Implementation Committee  
February 7, 2003

## Implementation of AB 1506 Grant Adjustments for Labor Compliance Programs

### NEW CONSTRUCTION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
HS Addition	\$16,500,000	63,000	18 months	540	\$82,875	\$153.47	\$76.74	0.50%
New Elem	\$15,000,000	65,000	16 months	900	\$75,225	\$83.58	\$41.79	0.50%
New High School	\$17,000,000	85,000	18 months	1,200	\$85,000	\$70.83	\$35.42	0.50%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$102,000	\$68.00	\$34.00	0.41%
New High School	\$75,000,000	325,000	37 months	3,500	\$297,500	\$85.00	\$42.50	0.40%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil		
HS Addition	\$16,500,000	63,000	18 months	540	\$60,320	\$111.70	\$55.85	0.37%
New Elem	\$15,000,000	65,000	16 months	900	\$55,840	\$62.04	\$31.02	0.37%
New High School	\$17,000,000	85,000	18 months	1,200	\$60,320	\$50.27	\$25.13	0.35%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$137,600	\$91.73	\$45.87	0.55%
New High School	\$75,000,000	325,000	37 months	3,500	\$351,520	\$100.43	\$50.22	0.47%

Estimate No. 1      Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases.

Estimate No. 2      For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$20 thousand was added to each of the estimates above.

# ATTACHMENT

State Allocation Board Implementation Committee  
February 7, 2003

## Implementation of AB 1506 Grant Adjustments for Labor Compliance Programs

### MODERNIZATION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$39,747	\$40.07	\$24.04	0.71%
BV High	\$2,000,000	28,199		405	\$15,479	\$38.22	\$22.93	0.77%
C High	\$1,200,000	21,189		237	\$11,631	\$49.08	\$29.45	0.97%
H Elem	\$1,900,000	24,477		531	\$13,436	\$25.30	\$15.18	0.71%
R Elem	\$2,400,000	29,784		475	\$16,349	\$34.42	\$20.65	0.68%
S Elem	\$2,400,000	35,310		744	\$19,383	\$26.05	\$15.63	0.81%
Totals	\$15,500,000	211,367		3,384	\$116,025	\$34.29	\$20.57	0.75%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$50,320	\$50.73	\$30.44	0.90%
BV High	\$2,000,000	28,199		405	\$23,440	\$57.88	\$34.73	1.17%
C High	\$1,200,000	21,189		237	\$23,440	\$98.90	\$59.34	1.95%
H Elem	\$1,900,000	24,477		531	\$23,440	\$44.14	\$26.49	1.23%
R Elem	\$2,400,000	29,784		475	\$30,160	\$63.49	\$38.10	1.26%
S Elem	\$2,400,000	35,310		744	\$30,160	\$40.54	\$24.32	1.26%
Totals	\$15,500,000	211,367		3,384	\$180,960	\$53.48	\$32.09	1.17%

Estimate No. 1      Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases. In this estimate, the firm gave a quote for all the projects as a single contract. This quote was prorated here for the purpose of the discussion.

Estimate No. 2      For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$10 thousand was added to each of the estimates above.